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## Course Information

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**Course Title:** *Health Care Accounting* #368317

**Number of continuing education credit hours recommended for this course:**

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

**CPA: 12** (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: M0021

Texas State Board of Accountancy: 009349

### Course Description

This course discusses the accounting and financial reporting issues related to hospitals, medical group practices, nursing homes, and other health care entities. The course covers the basic system of accounting, financial reporting, and many practical topics for the accountant, including revenue recognition, payroll accounting, fixed asset accounting, debt liabilities, and more.

**Program Delivery Method:** NASBA QAS Self-Study (interactive)

### Subject Codes/Field of Study

NASBA (CPA): Accounting

### Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: Basic familiarity with accounting practices.

Advance Preparation: None

### Course Content

Publication/Revision date: 11/6/2017.

Author: Steven M. Bragg, CPA.

Final exam (online): Sixty questions (multiple-choice).

## **Instructions for taking this course**

In order to receive CPE credit for this course, you must complete the course within one year of the date of purchase. This includes achieving a passing grade of at least 70% on the final exam. Exams may be retaken if not passed on the first attempt (no charge).

Complete the course by following the learning assignments and objectives listed below and studying the review questions after each major section in the text. Once you have completed each learning assignment and you are confident that the learning objectives have been met, answer the final exam questions (online).

## **Instructions for Taking the Final Exam Online**

- Login to your account online at [www.bhfe.com](http://www.bhfe.com).
- Go to "My Account" and view your courses.
- Select "Take Exam" for this course and follow instructions.

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

## **Learning Objectives**

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- Understand why health care is one of the most examined industries in the country.
- Cite the financial statements used by each of the different types of health care entities.
- Note the accounting principles that apply to health care entities.
- Describe the nature of the accounting cycle.
- Note why the out-of-balance concept harms a system of accounting.
- Recognize the source of the trial balance.
- Discuss how the extended trial balance is used.
- Recognize the characteristics of the accrual basis of accounting.
- Identify the formula underlying the balance sheet.
- Note the criteria that define a not-for-profit entity.
- Describe the proper accounting for all variations on a pledge.
- Recognize the nature of a performance indicator.
- Recognize the nature of net assets for a not-for-profit entity.
- Recognize the key characteristics of a fund.
- Identify the key components of net position in a financial statement.
- Describe the uses to which a bank reconciliation can be put.
- Cite the elements of a bank statement.
- Recognize the various reconciliation problems that may be encountered when preparing a bank reconciliation.
- Identify the characteristics of the different methods used to account for bad debts.
- Describe the characteristics of the different inventory tracking systems.
- Note the advantages and disadvantages of the different inventory costing methods.
- Describe the calculation for the gross profit method.
- Describe the proper accounting for an investment.
- Recognize the costs to be capitalized for a fixed asset.
- Describe the derivation of a fixed asset's useful life.
- Identify the nature of the mid-month convention.
- Note the calculation used to develop an accelerated depreciation method.
- Note the accounting for an idle fixed asset.
- Describe the accounting for an asset retirement obligation.
- Define accretion expense.
- Note the calculation method used to derive the interest rate inherent in an early payment discount.
- Describe the accounting for advance fees.

- Cite the different types of standard payment methods required of residents by continuing care retirement communities.
- Describe the accounting for the extinguishment of debt.
- Describe the different types of bonds and the features that can be incorporated into the terms of a bond.
- Recognize the circumstances under which the tax-exempt status of a bond can be lost.
- Note the factors involved in the determination of revenue.
- Identify the circumstances under which the expected value method can be used.
- Recognize the accounting for naming rights.
- Recognize the calculation methods used to determine wages.
- Describe how unemployment tax rates are developed for a new employer, and thereafter.
- Describe the uses to which the Form W-4 can be put.
- Note how the wage bracket method is used to determine tax withholdings.
- Recognize the different methods that are available for setting payroll tax deposits.
- Note the characteristics of a split-interest agreement.
- Describe which features of a relationship between entities trigger a consolidation of their financial statements.
- Understand the accounting for advertising expenditures.
- Note the proper accounting for a trust fund that is being used to settle malpractice claims.

## About the Author

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**Steven Bragg, CPA**, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written the following books and courses:

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# Preface

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There are many types of businesses within the health care field, including hospitals, clinics, hospice care providers, laboratories, nursing homes, and continuing care retirement communities – totaling more than three-quarters of a million organizations. These entities have unique accounting requirements that set them apart from the standard accounting practices used in most industries. In *Health Care Accounting*, we address the unique aspects of the accounting in this field, with a particular emphasis on the financial reporting by for-profit, not-for-profit, and governmental organizations.

The book is divided into three parts. In Chapters 1 through 4, we cover the underpinnings of health care accounting, including such topics as the system of accounting, not-for-profit accounting, and governmental accounting. In Chapters 5 through 11, we address many elements of the balance sheet, including cash, receivables, investments, fixed assets, current liabilities, and debt liabilities. In Chapters 12 through 16, we discuss more specific accounting issues, including revenue recognition, payroll, split-interest agreements, and affiliated organizations.

You can find the answers to many questions about health care accounting in the following chapters, including:

- Which accounts are included in the chart of accounts for a health care entity?
- What information is included in the financial statements of a not-for-profit health care organization?
- How are health care receivables valued?
- What types of intangible assets may be recorded by a health care business?
- What payment methods are used by third-party payors?
- How can conduit financing be used to channel funds to a hospital?
- What special revenue recognition rules apply to health care organizations?
- Which forms are needed to submit payroll-related information to the government?
- What is the accounting for split-interest agreements?
- What are the financial statement disclosure requirements pertaining specifically to health care entities?

*Health Care Accounting* is designed for professionals and students, who can use it as a reference tool for recording health care accounting transactions and generating financial statements.

Centennial, Colorado  
April 2017